

Ethica: A "Place To Be Lived"

The name comes from the Greek word Ethos, which literally means: a place to be lived. Aristotle extended its meaning to include the concepts of knowledge and competence. It is from these assumptions that Ethica Corporate Finance sprung forth and it is with these ambitions that it plans to go forward. This is how **Cosimo Vitola**, the Founder and Managing Partner of Ethica, explains his choice of the name of the new advisory firm, which provides M&A, Debt Advisory and IPO services to Italian middle market companies. He wished to share this "place to be lived" not only with his 3 operating partners (**Fausto Rinallo**, **Piero Manaresi** and **Gabriele Coccini**), but also with a dozen entrepreneur friends including **Alberto Aspesi**, **Pietro Negra** (the owner of the well-known clothing brand Pinko), **Alessandro del Bono** (owner of Mediolanum Farmaceutici), the Santoni family (producers of luxury shoes), **Silvio Bertani** (who heads a Group with sales in excess of 250 million euros in the hydrocarbon transport sector) and many others. The participation of the entrepreneurs in Ethica's share capital took place in the last few weeks, through the subscription to a capital increase of up to 1 million euros, which allowed the company to raise funds amounting to 2.5 million euros to be used for development.

Why should a new investment bank be opened at such a difficult time for the market? "This is certainly not the most ideal time for such an initiative," says Vitola, "but the Italian industry picture is set to change drastically over the next few years. Italian middle market companies have long been struggling with unresolved competitiveness problems, the generational shift and undercapitalization: the recent crisis only accentuated these weaknesses over the last two years. The possibilities of the Italian middle market surviving are essentially linked to two factors: the pursuit of a niche policy, or the focus on product innovation, which is only possible through an increase in capitalization or of company size. Thus, medium sized Italian companies need to move rapidly into extraordinary financing transactions, such as mergers, acquisitions, joint ventures which can be achieved through the intervention of private equity funds as well."

After a disastrous 2009 for M&A activities, the first

signals of recovery are now visible. However, M&A transactions are expected to accelerate sharply over the next two years. Ethica was established and is being set up specifically to take advantage of these opportunities and to distinguish itself in the market in regard to the following three elements: business know-how, regional presence and international coverage.

Business know-how in specific sectors such as food, fashion, mechanics and pharmaceuticals is assured thanks to the competence and know-how of Ethica's non-

operational shareholders and the relations established with specific professionals of high standing, such as **Massimiliano Pancera** (formerly the Chairman of Boehringer Mannheim EMEA and Co-Founder and Chairman of FarmaFactoring), Senior Advisor to Ethica for the pharmaceutical sector and **Giacomo Santucci** (formerly CEO of the Gucci Group, with experience in Prada, Ferragamo and McKinsey), the Senior Advisor for the Fashion & Luxury Goods and Energy sectors.

The regional presence will be ensured through own offices and joint ventures with local operators. It will be essential to build long-term relations with mid-level Italian businesses in order to develop the concept of a "family office for extraordinary finance," which is much at the heart of Ethica. The

international coverage is ensured through the participation in the Mergers Alliance, an international group that includes over 20 independent investment banks in the main economic centres of the world.

What's coming next? In the second half of the year, Ethica is planning to expand the shareholding structure to include 5 to 6 more entrepreneurs from the food and mechanics sectors, open two regional offices in the Turin and the Veneto regions, conclude a partnership with an M&A boutique that operates between Rome and Naples for coverage of Central-Southern Italy and launch joint ventures with several major local banks for the provision of extraordinary financing services to their corporate clients.

With the intent to create a beautiful "place to be lived" with the support of all our partners.



Cosimo Vitola, Founder and Managing Partner of Ethica